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TO AMEMBASSY BONN

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E.O. 11652: XGDS-1

TAGS: PFOR, EG, LY, UR

SUBJECT: EGYPTIAN VIEWS ON SOVIET-LIBYAN AGREEMENTS

THE FOLLOWING MESSAGE MOSCOW 8275 DATED 15 JUN 75,
IS REPEATED FOR YOUR INFORMATION:

1. IN A CONVERSATION WITH EMBASSY OFFICER JUNE 12, A
COUNSELOR AT THE EGYPTIAN EMBASSY HERE PROVIDED THE MOST
DETAILED ACCOUNT WE HAVE RECEIVED ABOUT RECENT SOVIET-
LIBYAN AGREEMENTS.
2. THE EGYPTIAN SAID THE TOTAL VALUE OF THE RECENT SOVIET-
LIBYAN ARMS AGREEMENT IS ABOUT ONE BILLION DOLLARS. THE
MAIN ITEMS INVOLVED ARE FIVE SAM-6 INSTALLATIONS (ONE EACH
FOR BENGHAZI AND TRIPOLI AND THREE FOR LIBYA'S OIL FIELDS)
AND A LARGE QUANTITY OF TANKS, MAINLY T-54 AND T-55 MODELS,
BUT INCLUDING "ABOUT 30 TO 35 T-62'S." (COMMENT: THIS
REPORT IS CLEARLY AT VARIANCE WITH REPORTS THAT PREVIOUS
SOVIET TANK DELIVERIES HAVE CONSISTED MAINLY OF T-62'S AND
WITH RUMORS THAT THE SOVIETS RECENTLY AGREED TO PROVIDE THE
LIBYANS WITH EVEN MORE ADVANCED TANKS.)
3. THE EGYPTIAN SAID THAT THE NUCLEAR AGREEMENT SIGNED HERE
MAY 30 BY LIBYA'S MINISTER OF PLANNING CALLS FOR THE
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PLANNING AND CONSTRUCTION OF A NUCLEAR POWER AND DESALINAZA-

TION COMPLEX ON LIBYA'S MEDITERRANEAN COAST. HE CLAIMED THAT THE BACKGROUND TO THIS AGREEMENT DATES BACK TO JALLUD'S VISIT TO MOSCOW IN 1974 WHEN AGREEMENT WAS REACHED IN PRINCIPLE THAT THE SOVIETS WOULD DEVELOP PROPOSALS FOR A MUCH LARGER NUCLEAR COMPLEX, ACCORDING TO THE ORIGINAL PLAN, THE PLANT WAS TO PROVIDE POWER NOT ONLY FOR LIBYAN NEEDS BUT ALSO FOR THE CITY OF ALEXANDRIA. UNDER THE NEW AGREEMENT, THE EGYPTIAN SAID, THE LIBYANS "WILL KEEP ALL OF THE POWER FOR THEMSELVES."

4. IN ADDITION TO THE AGREEMENTS ON ARMS AND NUCLEAR POWER, THE EGYPTIAN CLAIMED THAT ADDITIONAL PROTOCOLS ON ECONOMIC PROJECTS WERE SIGNED OR AGREED TO DURING KOSYGIN'S VISIT TO TRIPOLI IN MAY. AMONG THESE PROJECTS ONE CALLS FOR THE SOVIETS TO CONSTRUCT A MEDIUM-SIZED IRON AND STEEL COMPLEX IN SOUTHERN LIBYA TO PROCESS LIBYAN IRON ORE; ANOTHER PROVIDES FOR THE SOVIETS TO ASSIST IN THE ESTABLISHMENT AND DEVELOPMENT OF THREE TO FIVE LARGE AGRICULTURAL COOPERATIVE FARMS.

5. ASKED ABOUT RUMORS THAT THE SOVIETS WILL INTRODUCE LARGE NUMBERS OF ADVISORS INTO LIBYA AND RECEIVE BASES IN RETURN FOR THEIR NEW COMMITMENTS, THE EGYPTIAN SAID HE UNDERSTANDS THE NUMBER OF SOVIET PERSONNEL IN LIBYA (MILITARY AND CIVILIAN) WILL RISE TO AROUND 3,000. AS TO BASES, HOWEVER, HE REITERATED WHAT WE HAVE HEARD FROM OTHER EGYPTIANS HERE THAT THE SOVIETS WILL PROBABLY BE ALLOWED TO USE SOME LIBYAN FACILITIES BUT WILL NOT RECEIVE ACTUAL BASES IN LIBYA.

6. ASKED HOW ALL THE ABOVE FITS WITH PRESIDENT SADAT'S CONTENTION THAT LIBYA HAS SIGNED AN ARMS AGREEMENT WORTH 12 BILLION DOLLARS, THE EGYPTIAN AVOIDED A DIRECT ANSWER. HOWEVER, HE SAID THE OVERALL SCOPE OF THE SOVIET-LIBYAN BILATERAL RELATIONSHIP IS BASED ON A GENERAL UNDERSTANDING WORKED OUT BY JALLUD DURING HIS VISIT TO MOSCOW IN 1974. THIS GENERAL AGREEMENT, WHICH THE EGYPTIAN SAID REPRESENTS AN OVERALL TARGET, CALLS FOR LIBYA TO PROVIDE THE USSR WITH 100 MILLION TONS OF PETROLEUM OVER A PERIOD OF 10

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TO 15 YEARS IN RETURN FOR SOVIET SUPPLY OF ARMS AND ECONOMIC PROJECTS. ACTUAL IMPLEMENTATION OF THE GENERAL AGREEMENT IS, HOWEVER, SUBJECT TO THE NEGOTIATION OF IMPLEMENTING PROTOCOLS AND CONTRACTS. THUS, THE EGYPTIAN SAID, THE CURRENT AGREEMENTS ON ARMS, ECONOMIC PROJECTS, AND THE NUCLEAR INSTALLATION REPRESENT THE SECOND ROUND OF IMPLEMENTING AGREEMENTS, THE FIRST OF WHICH WAS WORKED OUT BY JALLUD IN 1974.

7. ASKED WHETHER THE LIBYANS WERE, IN ACT, COMMITTING LARGE AMOUNTS OF OIL TO THE USSR, THE EGYPTIAN SAID THAT OIL DELIVERIES HAD BEEN ONE SOURCE OF DIFFICULTY DURING KOSYGIN'S TALKS IN TRIPOLI. THE LIBYANS SOUGHT TO SUBSTITUTE CASH PAYMENTS FOR COMMITMENTS TO DELIVER PETROLEUM. THE SOVIETS, HOWEVER, REFERRING TO EXISTING CONTRACTS, INSISTED THAT THE LIBYANS LIVE UP TO THEIR COMMITMENT. IN THE END, ACCORDING TO THE EGYPTIAN, THE LIBYANS AGREED TO MEET ALREADY EXISTING CONTRACTS FOR OIL DELIVERIES, BUT GOT THE SOVIETS TO AGREE THAT FUTURE AGREEMENTS WOULD BE PUT ON A CASH BASIS.
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